

**AMENDMENT TO H.R. 1871**  
**OFFERED BY MR. VAN HOLLEN OF MARYLAND**

At the end of the bill, add the following:

**1 SEC. 3. REPEAL THE 2013 AND 2014 SEQUESTERS.**

2 (a) CALCULATION OF TOTAL DEFICIT REDUCTION  
3 AND ALLOCATION TO FUNCTIONS.—(1) Section 251A(3)  
4 of the Balanced Budget and Emergency Deficit Control  
5 Act of 1985 (2 U.S.C. 901a) is amended by striking  
6 “2013” and inserting “2015”.

7 (2) Paragraph (4) of such section is amended by  
8 striking “2014” and inserting “2015”.

9 (3) Paragraphs (5) and (6) of such section are  
10 amended by striking “2013” and inserting “2015”.

11 (b) DEFENSE AND NONDEFENSE FUNCTION REDUC-  
12 TIONS.—Paragraphs (5) and (6) of section 251A of the  
13 Balanced Budget and Emergency Deficit Control Act of  
14 1985 are amended by striking “2013” and inserting  
15 “2015” each place it appears.

16 (c) IMPLEMENTING DISCRETIONARY REDUCTIONS.—  
17 Section 251A(7)(B) of such Act is amended by striking  
18 “2014” and inserting “2015” each place it appears.

19 (d) RESTORATION OF SEQUESTERED FUNDS.—Not-  
20 withstanding the Presidential sequestration order for fis-

1 cal year 2013 issued under section 251A of the Balanced  
2 Budget and Emergency Deficit Act of 1985, on and after  
3 the date of the enactment of this Act, the budgetary re-  
4 sources sequestered under such order shall be available for  
5 obligation for the same purpose, in the same amount as  
6 otherwise would have been available for the period begin-  
7 ning on the date of enactment of this Act and before Octo-  
8 ber 1, 2013, and in the same manner as if such order  
9 had not been issued.

10 (e) CONFORMING CHANGE.—Upon the date of enact-  
11 ment of this Act, the report entitled “OMB Sequestration  
12 Preview Report to the President and Congress for Fiscal  
13 Year 2014 and OMB Report to the Congress on the Joint  
14 Committee Reductions for Fiscal Year 2014”, issued on  
15 April 10, 2013, and corrected on May 20, 2013, shall have  
16 no force or effect.

17 **SEC. 4. REDUCTION OF DEFENSE DISCRETIONARY LIMITS.**

18 The discretionary limits set forth in section 251(c)  
19 of the Balanced Budget and Emergency Deficit Control  
20 Act of 1985 for the security category for fiscal years 2017  
21 through 2021 are replaced with the following limits: for  
22 fiscal year 2017, \$586,000,000,000; for fiscal year 2018,  
23 \$595,000,000,000; for fiscal year 2019,  
24 \$604,000,000,000; for fiscal year 2020,

1 \$614,000,000,000; and for fiscal year 2021,  
2 \$624,000,000,000.

3 **SEC. 5. PROTECTING VETERANS PROGRAMS FROM SEQUES-**  
4 **TER.**

5 Section 256(e)(2)(E) of the Balanced Budget and  
6 Emergency Deficit Control Act of 1985 is repealed.

7 **SEC. 6. ONE-YEAR EXTENSION OF AGRICULTURAL COM-**  
8 **MODITY PROGRAMS, EXCEPT DIRECT PAY-**  
9 **MENT PROGRAMS.**

10 (a) EXTENSION.—Except as provided in subsection  
11 (b) and notwithstanding any other provision of law, the  
12 authorities provided by each provision of title I of the  
13 Food, Conservation, and Energy Act of 2008 (Public Law  
14 110–246; 122 Stat. 1651) and each amendment made by  
15 that title (and for mandatory programs at such funding  
16 levels), as in effect on September 30, 2013, shall continue,  
17 and the Secretary of Agriculture shall carry out the au-  
18 thorities, until September 30, 2014.

19 (b) TERMINATION OF DIRECT PAYMENT PRO-  
20 GRAMS.—

21 (1) COVERED COMMODITIES.—The extension  
22 provided by subsection (a) shall not apply with re-  
23 spect to the direct payment program under section  
24 1103 of the Food, Conservation, and Energy Act of  
25 2008 (7 U.S.C. 8713).

1           (2) PEANUTS.—The extension provided by sub-  
2       section (a) shall not apply with respect to the direct  
3       payment program under section 1303 of the Food,  
4       Conservation, and Energy Act of 2008 (7 U.S.C.  
5       7953).

6       (c) EFFECTIVE DATE.—This section shall take effect  
7       on the earlier of—

- 8           (1) the date of the enactment of this Act; and  
9           (2) September 30, 2013.

10 **SEC. 7. PROHIBITION ON USING LAST-IN, FIRST-OUT AC-**  
11 **COUNTING FOR MAJOR INTEGRATED OIL**  
12 **COMPANIES.**

13       (a) IN GENERAL.—Section 472 of the Internal Rev-  
14       enue Code of 1986 is amended by adding at the end the  
15       following new subsection:

16       “(h) MAJOR INTEGRATED OIL COMPANIES.—Not-  
17       withstanding any other provision of this section, a major  
18       integrated oil company (as defined in section  
19       167(h)(5)(B)) may not use the method provided in sub-  
20       section (b) in inventorying of any goods.”.

21       (b) EFFECTIVE DATE AND SPECIAL RULE.—

22           (1) IN GENERAL.—The amendment made by  
23       subsection (a) shall apply to taxable years beginning  
24       after the date of the enactment of this Act.

1           (2) CHANGE IN METHOD OF ACCOUNTING.—In  
2           the case of any taxpayer required by the amendment  
3           made by this section to change its method of ac-  
4           counting for its first taxable year beginning after the  
5           date of the enactment of this Act—

6                   (A) such change shall be treated as initi-  
7                   ated by the taxpayer,

8                   (B) such change shall be treated as made  
9                   with the consent of the Secretary of the Treas-  
10                  ury, and

11                  (C) the net amount of the adjustments re-  
12                  quired to be taken into account by the taxpayer  
13                  under section 481 of the Internal Revenue Code  
14                  of 1986 shall be taken into account ratably over  
15                  a period (not greater than 8 taxable years) be-  
16                  ginning with such first taxable year.

17 **SEC. 8. DEDUCTION FOR INCOME ATTRIBUTABLE TO DO-**  
18 **MESTIC PRODUCTION ACTIVITIES NOT AL-**  
19 **LOWED WITH RESPECT TO OIL AND GAS AC-**  
20 **TIVITIES OF MAJOR INTEGRATED OIL COM-**  
21 **PANIES.**

22           (a) IN GENERAL.—Subparagraph (A) of section  
23 199(d)(9) of the Internal Revenue Code of 1986 is amend-  
24 ed by inserting “(9 percent in the case of any major inte-

1 grated oil company (as defined in section 167(h)(5)(B)))”  
2 after “3 percent”.

3 (b) EFFECTIVE DATE.—The amendment made by  
4 subsection (a) shall apply to taxable years beginning after  
5 the date of the enactment of this Act.

6 **SEC. 9. LIMITATION ON DEDUCTION FOR INTANGIBLE**  
7 **DRILLING AND DEVELOPMENT COSTS OF**  
8 **MAJOR INTEGRATED OIL COMPANIES.**

9 (a) IN GENERAL.—Section 263(c) of the Internal  
10 Revenue Code of 1986 is amended by adding at the end  
11 the following new sentence: “This subsection shall not  
12 apply to amounts paid or incurred by a taxpayer in any  
13 taxable year in which such taxpayer is a major integrated  
14 oil company (as defined in section 167(h)(5)(B)).”.

15 (b) EFFECTIVE DATE.—The amendment made by  
16 this section shall apply to amounts paid or incurred in tax-  
17 able years beginning after the date of the enactment of  
18 this Act.

19 **SEC. 10. FAIR SHARE TAX ON HIGH-INCOME TAXPAYERS.**

20 (a) IN GENERAL.—Subchapter A of chapter 1 of the  
21 Internal Revenue Code of 1986 is amended by adding at  
22 the end the following new part:

1     **“PART VII—FAIR SHARE TAX ON HIGH-INCOME**

2                     **TAXPAYERS**

3     **“SEC. 59B. FAIR SHARE TAX.**

4         “(a) GENERAL RULE.—

5             “(1) PHASE-IN OF TAX.—In the case of any  
6             high-income taxpayer, there is hereby imposed for a  
7             taxable year (in addition to any other tax imposed  
8             by this subtitle) a tax equal to the product of—

9                 “(A) the amount determined under para-  
10                 graph (2), and

11                 “(B) a fraction (not to exceed 1)—

12                     “(i) the numerator of which is the ex-  
13                     cess of—

14                         “(I) the taxpayer’s adjusted  
15                         gross income, over

16                         “(II) the dollar amount in effect  
17                         under subsection (c)(1), and

18                         “(ii) the denominator of which is the  
19                         dollar amount in effect under subsection  
20                         (c)(1).

21             “(2) AMOUNT OF TAX.—The amount of tax de-  
22             termined under this paragraph is an amount equal  
23             to the excess (if any) of—

24                 “(A) the tentative fair share tax for the  
25                 taxable year, over

26                 “(B) the excess of—

1 “(i) the sum of—

2 “(I) the regular tax liability (as  
3 defined in section 26(b)) for the tax-  
4 able year,

5 “(II) the tax imposed by section  
6 55 for the taxable year, plus

7 “(III) the payroll tax for the tax-  
8 able year, over

9 “(ii) the credits allowable under part  
10 IV of subchapter A (other than sections  
11 27(a), 31, and 34).

12 “(b) TENTATIVE FAIR SHARE TAX.—For purposes  
13 of this section—

14 “(1) IN GENERAL.—The tentative fair share tax  
15 for the taxable year is 30 percent of the excess of—

16 “(A) the adjusted gross income of the tax-  
17 payer, over

18 “(B) the modified charitable contribution  
19 deduction for the taxable year.

20 “(2) MODIFIED CHARITABLE CONTRIBUTION  
21 DEDUCTION.—For purposes of paragraph (1)—

22 “(A) IN GENERAL.—The modified chari-  
23 table contribution deduction for any taxable  
24 year is an amount equal to the amount which  
25 bears the same ratio to the deduction allowable



1 under section 170 (section 642(c) in the case of  
2 a trust or estate) for such taxable year as—

3 “(i) the amount of itemized deduc-  
4 tions allowable under the regular tax (as  
5 defined in section 55) for such taxable  
6 year, determined after the application of  
7 section 68, bears to

8 “(ii) such amount, determined before  
9 the application of section 68.

10 “(B) TAXPAYER MUST ITEMIZE.—In the  
11 case of any individual who does not elect to  
12 itemize deductions for the taxable year, the  
13 modified charitable contribution deduction shall  
14 be zero.

15 “(c) HIGH-INCOME TAXPAYER.—For purposes of this  
16 section—

17 “(1) IN GENERAL.—The term ‘high-income tax-  
18 payer’ means, with respect to any taxable year, any  
19 taxpayer (other than a corporation) with an adjusted  
20 gross income for such taxable year in excess of  
21 \$1,000,000 (50 percent of such amount in the case  
22 of a married individual who files a separate return).

23 “(2) INFLATION ADJUSTMENT.—

24 “(A) IN GENERAL.—In the case of a tax-  
25 able year beginning after 2014, the \$1,000,000

1 amount under paragraph (1) shall be increased  
2 by an amount equal to—

3 “(i) such dollar amount, multiplied by

4 “(ii) the cost-of-living adjustment de-  
5 termined under section 1(f)(3) for the cal-  
6 endar year in which the taxable year be-  
7 gins, determined by substituting ‘calendar  
8 year 2013’ for ‘calendar year 1992’ in sub-  
9 paragraph (B) thereof.

10 “(B) ROUNDING.—If any amount as ad-  
11 justed under subparagraph (A) is not a multiple  
12 of \$10,000, such amount shall be rounded to  
13 the next lowest multiple of \$10,000.

14 “(d) PAYROLL TAX.—For purposes of this section,  
15 the payroll tax for any taxable year is an amount equal  
16 to the excess of—

17 “(1) the taxes imposed on the taxpayer under  
18 sections 1401, 1411, 3101, 3201, and 3211(a) (to  
19 the extent such taxes are attributable to the rate of  
20 tax in effect under section 3101) with respect to  
21 such taxable year or wages or compensation received  
22 during the taxable year, over

23 “(2) the deduction allowable under section  
24 164(f) for such taxable year.

1       “(e) SPECIAL RULE FOR ESTATES AND TRUSTS.—  
2 For purposes of this section, in the case of an estate or  
3 trust, adjusted gross income shall be computed in the  
4 manner described in section 67(e).

5       “(f) NOT TREATED AS TAX IMPOSED BY THIS CHAP-  
6 TER FOR CERTAIN PURPOSES.—The tax imposed under  
7 this section shall not be treated as tax imposed by this  
8 chapter for purposes of determining the amount of any  
9 credit under this chapter (other than the credit allowed  
10 under section 27(a)) or for purposes of section 55.”.

11       (b) CONFORMING AMENDMENT.—Section 26(b)(2) of  
12 such Code is amended by redesignating subparagraphs (C)  
13 through (X) as subparagraphs (D) through (Y), respec-  
14 tively, and by inserting after subparagraph (B) the fol-  
15 lowing new subparagraph:

16               “(C) section 59B (relating to fair share  
17 tax),”.

18       (c) CLERICAL AMENDMENT.—The table of parts for  
19 subchapter A of chapter 1 of such Code is amended by  
20 adding at the end the following new item:

“Part VII—Fair Share Tax on High-Income Taxpayers”.

21       (d) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to taxable years beginning after  
23 December 31, 2013.

1 **SEC. 11. SENSE OF THE HOUSE ON THE NEED FOR A FAIR,**  
2 **BALANCED AND BIPARTISAN APPROACH TO**  
3 **LONG-TERM DEFICIT REDUCTION.**

4 (a) The House finds that—

5 (1) every bipartisan commission has rec-  
6 ommended – and the majority of Americans agree –  
7 that we should take a balanced, bipartisan approach  
8 to reducing the deficit that addresses both revenue  
9 and spending; and

10 (2) sequestration is a meat-ax approach to def-  
11 icit reduction that imposes deep and mindless cuts,  
12 regardless of their impact on vital services and in-  
13 vestments.

14 (b) It is the sense of the House that the Congress  
15 should replace the entire 10-year sequester established by  
16 the Budget Control Act of 2011 with a balanced approach  
17 that would increase revenues without increasing the tax  
18 burden on middle-income Americans, and decrease long-  
19 term spending while maintaining the Medicare guarantee,  
20 protecting Social Security and a strong social safety net,  
21 and making strategic investments in education, science,  
22 research, and critical infrastructure necessary to compete  
23 in the global economy.

